

February 13, 2009

CONGRESS APPROVES ECONOMIC RECOVERY ACT

Measure Intended to Save Jobs & Help Those Who've Been Hurt by the Recession, Obey Says

WASHINGTON, D.C. - Today, Congress approved the American Recovery and Reinvestment Act (H.R. 1). As Chairman of the House Appropriations Committee, Seventh District Congressman Dave Obey (D-WI) was one of the lead authors of this, the first crucial step in a concerted effort to create and save 3 to 4 million jobs, jumpstart our economy, and begin the process of transforming it for the 21st century.

"America faces the greatest crisis that we've seen in terms of our economy since the 1930's. We've had a virtual collapse and freeze up of the financial system and the credit markets. We've had a collapse of the housing sector in the economy and the auto sector of the economy. Consumer purchasing power is in decline, in the last four months the country has lost 2 million jobs and we are expected to lose another 3 to 5 million in the next year," Obey said. "Conservative economist Mark Zandi put it bluntly: 'the economy is shutting down.'"

"We hope that, with the passage of this proposal, we can mitigate that disaster to a significant degree and change the country for the better," Obey added, noting that the Recovery Act:

1. provides American families an \$800 tax cut in order to try to put some money in people's pockets
2. attempts to jump-start job creation through infrastructure investments in roads, bridges, sewers, water repair, modernizing our electric power grid and expanding broadband access so all parts of the country have an opportunity to compete with internet access;
3. attempts to show some mercy to those who are most impacted by the recession, who are losing their jobs, their health insurance and losing the ability to send their kids to college;
4. tries to modernize the economy to create new jobs through science and technology; and
5. attempts to save jobs by stabilizing state and local budgets. Because of the economic

collapse, states face the prospect of huge deficits. Without help from the federal government they will be forced to impose major tax increases and devastating service cutbacks, including laying off teachers, firefighters and police officers, which under these economic conditions would be hugely counterproductive.

Christina Romer, Chair of the Council of Economic Advisers, has estimated that the recovery package will save or create 3.5 million jobs over the next two years, including 70,000 in Wisconsin. "To ensure that we maximize the number of jobs created, the Recovery Act has unprecedented accountability measures built in - providing strong oversight, and a high degree of public transparency," Obama added.

But Obama warned that "The economy is in such trouble that, even with passage of this package, unemployment rates are expected to rise to between eight and nine percent this year. Without this package, we're warned that unemployment could explode to near eleven percent. With passage of this package, we will face a large deficit for years to come. Without it, those deficits will be devastating and we face the risk of economic chaos. Tough choices have been made in this legislation and fiscal discipline will demand more tough choices in years to come."

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EXECUTIVE SUMMARY AMERICAN RECOVERY & REINVESTMENT ACT

Unprecedented Accountability

The American Recovery and Reinvestment Plan provides unprecedented oversight, accountability, and transparency to ensure that taxpayer dollars are invested effectively, efficiently, and as quickly as possible.

- Funds are distributed whenever possible through existing formulas and programs that have proven track records and accountability measures already in place.
- Numerous provisions in the bill provide for expedited but effective obligation of funds so that dollars are invested in the economy as quickly as possible.
- The Government Accountability Office and the Inspectors General are provided additional funding for auditing and investigating recovery spending.
- A new Recovery Act Accountability and Transparency Board will coordinate and conduct oversight of recovery spending and provide early warning of problems.
- A special website will provide transparency by posting information about recovery spending, including grants, contracts, and all oversight activities.
- State and local whistleblowers who report fraud and abuse are protected.
- There are no earmarks in this bill.

Key Investments

This plan targets investments to key areas that will create and preserve good jobs at the same time as it is strengthening the ability of this economy to become more efficient and produce more opportunities for employment.

Clean, Efficient, American Energy: To put people back to work today and reduce our dependence on foreign oil tomorrow, we will strengthen efforts directed at doubling renewable energy production and renovate public buildings to make them more energy efficient.

- Over \$30 billion to transform the nation's energy transmission, distribution, and production systems by allowing for a smarter and better grid and focusing investment in renewable technology.
- \$5 billion to weatherize modest-income homes.

Transform our Economy with Science and Technology: We need to put scientists to work looking for the next great discovery, creating jobs in cutting-edge-technologies, and making smart investments that will help businesses in every community succeed in a global economy. For every dollar invested in broadband the economy sees a ten-fold return on that investment.

- \$15 billion for science facilities, research, and instrumentation.
- \$7.2 billion to expand broadband internet access so businesses in rural and other underserved areas can link up to the global economy.

Modernize Roads, Bridges, Transit and Waterways: To build a 21st century economy, we must engage contractors across the nation to create jobs rebuilding our crumbling roads, and bridges, modernize public buildings, and put people to work cleaning our air, water and land.

- \$27.5 billion for highway construction;
- \$16.5 billion to modernize federal and other public infrastructure with investments that lead to long term energy cost savings;
- \$18.8 billion for clean water, flood control, and environmental restoration investments;
- \$17.7 billion for transit and rail to reduce traffic congestion and gas consumption.

Education for the 21st Century: To enable more children to learn in 21st century classrooms, labs, and libraries to help our kids compete with any worker in the world, this package provides:

- \$26 billion to local school districts through Title I (\$13 billion), IDEA (\$12.2 billion), and the Education Technology program (\$650 million).
- \$53.6 billion in state fiscal relief to prevent cutbacks to key services, including \$39.5 billion to local school districts and public colleges and universities distributed through existing state and federal formulas, \$5 billion to states as bonus grants as a reward for meeting key performance measures, and \$8.8 billion to states for other high priority needs such as public safety and other critical services, which may include K-12 and higher education modernization.
- \$15.6 billion to increase the Pell grant by \$500.

Lower Healthcare Costs: To save not only jobs, but money and lives, we will update and computerize our healthcare system to cut red tape, prevent medical mistakes, and help reduce healthcare costs by billions of dollars each year.

- \$19 billion for health information technology to prevent medical mistakes, provide better care to patients and introduce cost-saving efficiencies.

- \$2 billion to provide for preventative care and to evaluate the most effective healthcare treatments.

Help Workers Hurt by the Economy: High unemployment and rising costs have outpaced Americans' paychecks. We will help workers train and find jobs, and help struggling families make ends meet.

- \$20 billion to increase the food stamp benefit by over 13% in order to help defray rising food costs.
- \$13.6 billion for programs to help families during the housing crisis.
- \$4.8 billion to train workers in high growth areas and help the unemployed find jobs.

Save Public Sector Jobs and Protect Vital Services: We will provide relief to states, so they can continue to employ teachers, firefighters and police officers and provide vital services without having to unnecessarily raise middle class taxes.

- \$4 billion for state and local law enforcement funding.

* * [For a Detailed Summary Click Here](#) * *